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SUBJ: CANAL TREATY NEGOTIATIONS: LOCAL ATMOSPHERE

SUMMARY: BY DISCUSSING THE NEGOTIATIONS WITH THE STUDENTS JULY 9 AND SCHEDULING DISCUSSIONS WITH THE 505 ELECTED COMMUNITY REPRESENTATIVES IN SPECIAL SESSION JULY 18, TORRIJOS HAS RELIEVED PRESSURES UPON HIMSELF SOMEWHAT. ALTHOUGH IT APPEARED AT FIRST THAT US AND PANAMANIAN POSITIONS IN THE NEGOTIATIONS HAD NOT BEEN DISCUSSED IN DETAIL, THE COMMUNIQUE ISSUED JULY 14 BY THE STUDENTS INDICATES THAT DETAILS OF POSITIONS WERE REVEALED. PUBLIC STANCE OF GOP IS THAT UNITED STATES HAS A COMMITMENT TO CONTINUE NEGOTIATIONS MOST RECENTLY REAFFIRMED BY SECRETARY KISSINGER, AND THE NEGOTIATIONS WILL GO ON. CRISIS PROVOKED BY SNYDER AMENDMENT REMAINS. MEANWHILE, SECRET MEETINGS ARE BEING HELD BY TOP GOP OFFICIALS TO DETERMINE FUTURE COURSE OF ACTION IN NEGOTIATIONS. END SUMMARY.

1. FOLLOWING THE MEETING THAT TORRIJOS, GOP, AND NATIONAL GUARD OFFICIALS HAD WITH STUDENT LEADERS AT FT CIMMARON JULY 9, TENSION, WHICH HAD BEEN GENERATED BY SNYDER AMENDMENT AND PRESS REPORTS OF U.S. EXECUTIVE INCLINATION TO DELAY TREATY NEGOTIATIONS, SUBSIDED SOMEWHAT. TORRIJOS HAD BEEN CONCERNED THAT THE

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STUDENTS WOULD NOT ACCEPT EXPLANATIONS AND WOULD INSIST UPON OR ENGAGE IN DIRECT ACTION. TORRIJOS' ANNOUNCEMENT THAT HENCEFORTH

THE SECRECY OF NEGOTIATION WOULD BE LIFTED CLEARLY STRUCK A RESPONSIVE CHORD IN PANAMANIANS, WHO ASSOCIATE SECRECY AND ABSENCE OF POPULAR PARTICIPATION IN NEGOTIATION WITH BUNAU VARILLA, THE 1903 TREATY AND "SELL-OUT."

2. INITIAL PRESS REPORTS INDICATED THAT GOP OFFICIAL MIGHT NOT HAVE REVEALED MUCH INFORMATION ABOUT THE NEGOTIATIONS. THE COLUMN "THE PULSE OF PANAMA" ON MATUTINO'S PAGE 1 SUMMARIZED THE POSITION PRESENTED BY TORRIJOS TO THE STUDENTS AS BEING PATRIOTIC BUT NOT INTRANSIGENT. "SOVEREIGNTY AND FULL JURISDICTION" OVER ALL THE NATIONAL TERRITORY WERE PRIME GOALS AND NOT SUBJECT TO COMPROMISE. PANAMA WAS WILLING TO DISCUSS CANAL OPERATION AND NECESSARY PROTECTION SITES BUT WOULD NOT ACCEPT A ZONE OUTSIDE PANAMANIAN JURISDICTION. AS FOR DURATION, PANAMA WOULD NOT ACCEPT ANYTHING BEYOND THE END OF THIS CENTURY, WHEREAS THE U.S. WANTS A TREATY FOR A MINIMUM OF 50 YEARS -- MORE THAN 50 YEARS IF A NEW CANAL IS CONSTRUCTED. THE U.S. WANTS AN OPEN OPTION, WITHOUT OBLIGATIONS, FOR 25 YEARS TO DECIDE ON CANAL EXPANSION. PANAMA, IT SAID, HAS REJECTED THIS POSITION AND HAS INSISTED ON A LIMITED OPTION AND THAT THE TREATY FOR A NEW CANAL SHOULD BE OF SHORT DURATION AND WITHOUT PROVISION FOR MILITARY BASES.

3. THE PANAMANIAN FEDERATION OF STUDENTS (FEP), HOWEVER, PUBLISHED A COMMUNIQUE (FBIS PANAMA 142227Z JUL 75) JULY 14, HOWEVER, SUMMARIZING ITS VIEW OF THE SESSIONS WHICH MAKES CLEAR THAT NEGOTIATING DETAILS WERE REVEALED. IT DESCRIBED GOP POSITION AS PERMITTING ONLY THREE US MILITARY BASES WITH DIMINISHING US PRESENCE ON THESE. THE "MOST IMPORTANT AND CRUCIAL ISSUE" WAS USE OF LANDS AND WATERS AND US POSITION ON THIS CONTRADICTED ITS PREVIOUS POSITIONS. BECAUSE OF THESE DISCREPANCIES US HAS NOT RETURNED TO THE NEGOTIATING TABLE. A DE FACTO IMPASSE EXISTS. THERE IS NO FORESEEABLE SOLUTION TO CANAL PROBLEM THIS YEAR, AND US ELECTIONS NEXT YEAR FURTHER AFFECT THE SITUATION. AS A RESULT, GOP WOULD EXPAND DIPLOMATIC RELATIONS WITH ALL COUNTRIES, CONTINUE EFFORTS TO GAIN UNSC SEAT, AND SUBMIT CANAL PROBLEM TO UNGA THIS YEAR. THE FEP COMMUNIQUE ENDED WITH A CALL FOR ALL PATRIOTIC GROUPS TO UNITE IN SUPPORT OF GOP'S POSITION. THE MORE RADICAL AND ANTI-GOP STUDENT REVOLUTIONARY FRONT (FER) HAS NOT YET MADE ITS VIEWS
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PUBLIC.

4. EMPHASIS IN PRESS COVERAGE OF CANAL ISSUE HAS BEEN PLACED ON USG OBLIGATION TO CONTINUE NEGOTIATION WITH PANAMA IN ORDER TO ELIMINATE THE CAUSES OF CONFLICT WHICH ACCUSED WERE 1964 RIOTS. A KEY EDITORIAL, WHICH HAS PROVIDED THE LEAD FOR OTHER COMMENTATORS, APPEARED IN JULY 8 "EL PANAMA AMERICA." THE EDITORIAL, WHICH A HIGH GOP OFFICIAL DESCRIBED TO EMBOFF AS THE GOP'S OFFICIAL POSITION, CITED SECRETARY KISSINGER'S NOTE TO TORRIJOS AND THE 8-POINT TACK-KISSINGER DECLARATION AS EVIDENCE OF A US

COMMITMENT. IT DESCRIBED US TREATY OPPONENTS AS "THE VOICES OF DOOM AND THE INSTIGATORS OF PESSIMISM" WHO HAVE BEEN DELIBERATELY ATTEMPTING TO PROVOKE PANAMANIAN YOUTH INTO ILL-CONSIDERED ACTION. SECRETARY KISSINGER, THROUGH HIS NOTE TO TORRIJOS, HAD BLOCKED THESE PROVOCATORS BY REAFFIRMING US WILLINGNESS TO MODERNIZE ITS RELATIONS WITH PANAMA. THE REVOLUTIONARY GOVERNMENT, SAID THE ARTICLE, HAS ALSO COUNTERED THE TROUBLEMAKERS BY SPONSORING SEMINARS WITH STUDENTS TO ANALYZE OPTIONS AND DETERMINE THE COURSE OF ACTION TO BE FOLLOWED. THE EDITORIAL CALLED FOR ALL PANAMANIANS TO UNITE IN THE DIFFICULT DAYS AHEAD. STUDENTS AND OTHERS SHOULD AVOID "TUMULTUOUS AND EMOTIONAL ACTION WHICH WOULD LEAD TO ... USELESS, INAPPROPRIATE AND UNTIMELY SACRIFICE." THE EDITORIAL'S CONCLUSION CONTAINED THE FOLLOWING: "THE UNITED STATES, THROUGH DISTINGUISHED SPOKESMEN -- YESTERDAY ITS AMBASSADOR TO PANAMA AND TODAY ITS SECRETARY OF STATE -- IS TELLING THE WORLD... THAT IT WILL CONTINUE TO NEGOTIATE WITH PANAMA UNTIL THE NEGOTIATIONS REACH THEIR OBJECTIVES..."

5. ALONG WITH GOP-INSPIRED ARTICLES URGING TRANQUILITY, THE PRESS HAS PUBLISHED NUMEROUS RESOLUTIONS IN SUPPORT OF THE GOP ISSUED BY SUCH GROUPS AS THE DIRECTORATE OF THE NATIONAL ASSEMBLY OF COMMUNITY REPRESENTATIVES (NACR), THE NATIONAL PEASANTS' CONFEDERATION, LABOR UNIONS, TEACHERS' ORGANIZATIONS AND PROFESSIONAL GROUPS. GOP OFFICIAL TOLD EMBOFF THAT TORRIJOS PLANS MEETINGS ON THE NEGOTIATIONS WITH LEADERS OF MAJOR PANAMANIAN ORGANIZATIONS, INCLUDING OPPONENTS OF GOP. THE NACR WILL HOLD A SPECIAL SESSION JULY 18 IN DAVID DURING WHICH TORRIJOS, TACK AND OTHERS WILL DISCUSS THE STATUS OF NEGOTIATIONS.

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6. COMMENT: TORRIJOS HAS SUCCESSFULLY MANAGED THE ACUTE PHASE OF THE REACTION TO THE SNYDER AMENDMENT AND NEWS REPORTS THAT THE US EXECUTIVE WAS COOTING ON THE NEGOTIATIONS. TENSION, WHICH HAD REACHED A PEAK PRIOR TO TORRIJOS' MEETING WITH STUDENTS, HAS SUBSIDED SOMEWHAT DURING THE PAST SEVERAL DAYS. PHIL GAILLY'S PESSIMISTIC ARTICLE IN THE JULY 13 MIAMI HERALD WAS REPRODUCED JULY 14 IN ENGLISH LANGUAGE THE PANAMA AMERICAN, BUT IT HAS NOT BEEN PICKED UP YET BY SPANISH LANGUAGE PRESS AND, THEREFORE, HAS NOT PRODUCED AN ADVERSE REACTION. THE LONG-TERM MANAGEMENT OF "SLOW" OR STALLED NEGOTIATIONS REMAINS THE MAJOR CONCERN OF TORRIJOS AND OTHER TOP PANAMANIAN LEADERS. CONCURRENTLY WITH THEIR PUBLIC EFFORTS TO KEEP THINGS CALM, THEY ARE HOLDING SECRET SESSIONS TO EVALUATE THE SITUATION AND DISCUSS ALTERNATIVE COURSES OF ACTION.
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